



U.S. Department of Justice

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### News Release

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Ajit S. Dutta, age 60, of Oakton, Virginia, was sentenced today by Judge Gerald Bruce Lee to a period of 21 months incarceration, a fine of \$10,000 and \$861,089 in restitution. In January 2004 Dutta pled guilty to one count of obstructing a federal audit in connection with the operation of his company, Datex, Inc., which provided administrative and logistical services for the United States Agency for International Development (USAID). Datex, which is headquartered in Falls Church, Virginia, fraudulently overcharged USAID on cost plus contracts over a period of six years. At sentencing, Dutta provided a check for the full amount of restitution to the Court.

Over the past ten years Datex has had approximately 41 separate contracts or grants with USAID with a total value of approximately \$71 million. Dutta created artificial and nonexistent costs for Datex and then, in annual reports to USAID, certified that these costs were entitled to reimbursement. In particular, Dutta paid his wife a salary and listed her as a full-time Datex employee when she was actually employed full-time elsewhere. He also had Datex pay his own consulting company, Dannix, for nonexistent work. In addition, Dutta paid rent to his wife, ostensibly for the use of a second Datex office. The "office" was actually a condominium in New Jersey owned by Dutta and his wife and used as a second residence.

In June 2001, unaware that Dutta owned Dannix, federal auditors raised questions about a Datex "consulting" payment to Dannix. Asked to substantiate the work performed by Dannix, Dutta furnished the auditors with a phony letter purporting to detail work carried out by Dannix. The document listed the number of hours spent on projects, foreign trips, and conferences by Dannix employees who were listed by name. A number of the meetings described included meetings with Dutta in such places as Singapore and India. Included with the Dannix description of work performed was a one-page summary of approximately \$35,000 in travel expenses associated with Dannix's work. Dutta knew the information supplied in the letter was false. Nowhere in the letter, or in any documentation furnished to the auditors, did Dutta disclose that he owned Dannix and operated it out of his Fairfax County residence. Unaware that the representations were false, federal auditors temporarily approved the Dannix payment as reimbursable costs under federal regulations.

Mr. McNulty stated: "Those tempted to fraudulently acquire or exploit the vast number of federal programs available in this community will learn, as this defendant has learned, that the consequences of falling prey to that temptation are certain and severe."

The investigation was conducted by special agents of the Office of the Inspector General of USAID with the assistance of the Defense Contract Audit Agency. The prosecution of the case was handled by Assistant United States Attorney Stephen Learned.

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